

Al Ott

State Representative • 3rd Assembly District

AB 306

Wisconsin's Voluntary Corn Check Off

Assembly Committee on Agriculture

May 17, 2007

Thank you for the opportunity to testify on Assembly Bill 306 (AB 306), which increases Wisconsin's voluntary corn check off.

AB 306 – introduced at the request of the Wisconsin Corn Growers Association – increases Wisconsin's voluntary corn check off by 0.4 cent, from 0.1 cent to 0.5 cent per bushel.

Under current law, the Wisconsin Corn Promotions Board administers the state's marketing order for corn. The Board aims to maintain and expand sales of corn with the ultimate goal of increasing the value of Wisconsin corn.

The current marketing order provides for an assessment of 0.1 cent per bushel of corn, which is the lowest of the 21 states with corn promotion check offs. The assessment applies only to corn sold for commercial use. Producers who do not sell their corn, but instead feed it to livestock, are exempt from the check off. Further, the check off is voluntary, as any grower can obtain a full refund of their assessment. Refund requests have totaled only about one-tenth of one percent of assessment revenue in recent years.

According to the Wisconsin Corn Growers Association, the current assessment does not provide sufficient resources for the Board to meet the advocacy, promotional and research needs of the corn industry. At 0.1 cent per bushel, the check off generates about \$180,000 per year, which is about \$50,000 more than when collections began 24 years ago.

As stated, AB 306 will increase the voluntary corn check off from 0.1 cent to 0.5 cent per bushel. The proceeds are to be used by the Board for the purposes of the current marketing order, which include: research; development of new markets; improving production methods; marketing and promotion; and educational efforts relating to the quality and nutritional value of corn and corn products.

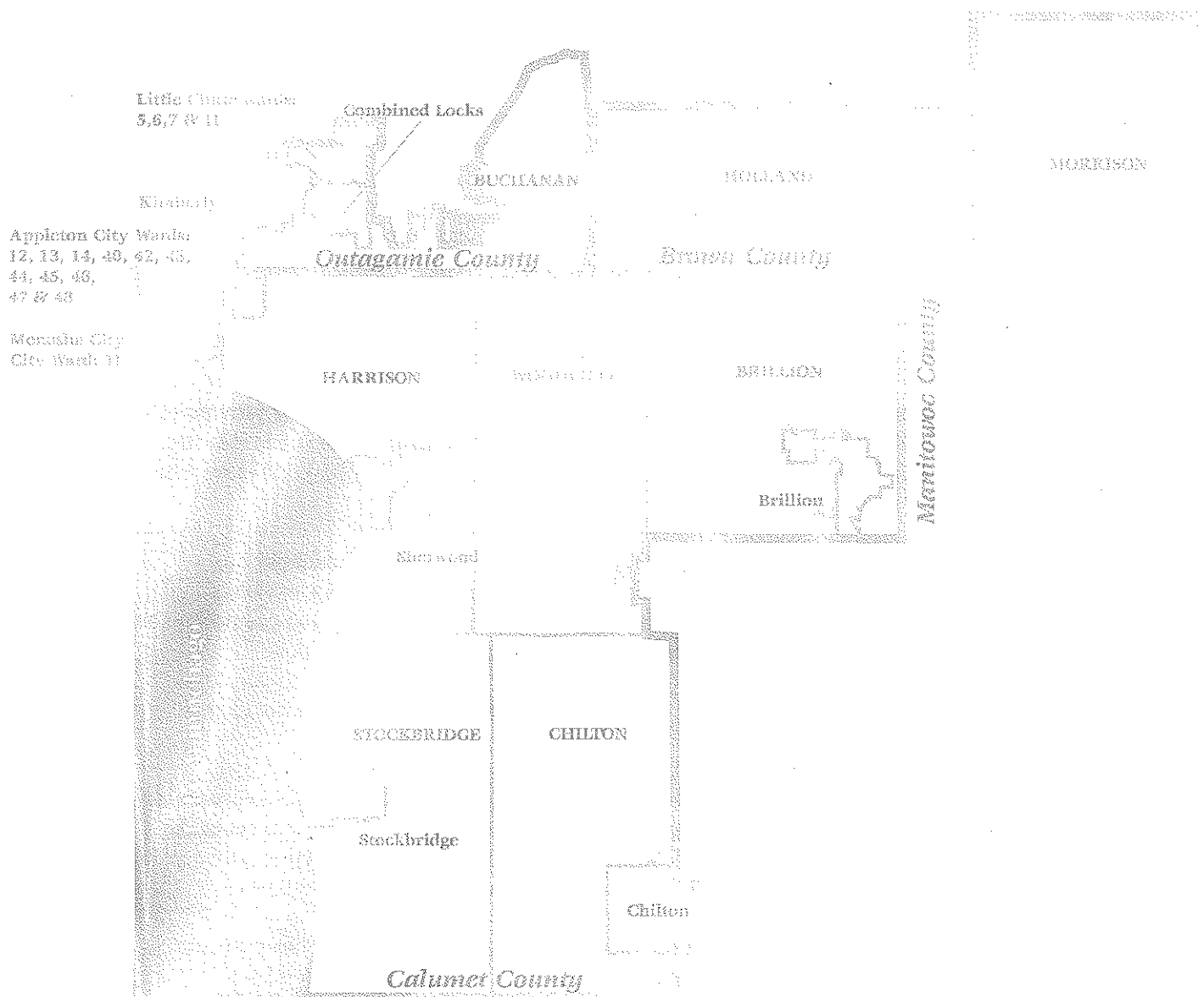
The bill maintains a producer's right to receive a refund of their assessment, and does not change assessment applicability.

Finally, AB 306 allows the increased assessment to sunset on June 20, 2012 if corn producers approve a referendum to end the assessment. To initiate the referendum, 10% of the producers subject to the assessment must petition the Department of Agriculture, Trade and Consumer Protection between July 1 and December 31, 2011. If approved, the check off would revert back to 0.1 cent per bushel.

This proposal received unanimous support from the membership of the Wisconsin Corn Growers Association at the organization's February annual meeting.

Thank you for your time. I would be happy to take any questions you may have on AB 306.

3rd Assembly District





Wisconsin Pipe Trades Association

11175 West Parkland Avenue, Milwaukee, WI 53224

414.359.1310

To: Chairman Al Ott
Members, Assembly Agriculture Committee

Fr: Kevin La Mere, President
Wisconsin Pipe Trades Association

Da: May 17, 2007

Re: Support for AB 306, Corn check off legislation

The Wisconsin Pipe Trades Association (WPTA) respectfully requests your support for Assembly Bill 306, legislation that will change the corn check off level from 1/10 of a cent per bushel to 1/2 of a cent per bushel. Not only will this bring Wisconsin in line with other corn growing states, but it will ultimately help expand the use of ethanol and other biofuels.

Wisconsin's current corn check off is the lowest of any corn growing state. Increasing the level to 1/2 of a cent per bushel will generate revenue that will be allocated to the Wisconsin Corn Promotion Board. The revenue will be used to promote products made from corn, including ethanol or biodegradable packaging.

The Wisconsin Pipe Trades Association enthusiastically supports the expansion of ethanol in this state. Wisconsin farmers, workers and communities all benefit from the production of ethanol. For the WPTA, we employ nearly 100 members during the construction of a new ethanol plant.

Wisconsin can be a leader in ethanol production and therefore energy independence. This proposal is a step in that direction. We urge your support of this legislation. Thank you.

Testimony on AB 306

Before the Assembly Committee on Agriculture

Submitted by the Department of Agriculture, Trade and Consumer Protection

Will Hughes

May 17, 2007

I am Will Hughes, Administrator of the Division of Agricultural Development. I am testifying for informational purposes.

The Department currently oversees the 8 marketing orders that were developed under Chapter 96. The Department strongly supports the use of marketing orders as self help tools for producers to promote and develop their commodity sectors. In short, we believe that strong marketing orders help make a strong agriculture.

The department's main responsibility is to help the marketing boards comply with Chapter 96. This involves oversight of budgets, elections, assessment collections, and administrative changes to marketing orders. Because of our oversight duties, it is important that the department be neutral on specific marketing order changes.

The legal framework of Chapter 96 provides checks and balances to ensure accountability and transparency to producers and to the general public once a marketing order is established. The Wisconsin Corn Promotion Board was established as the first marketing order under Chapter 96 in 1983. It has maintained good compliance and relations with the Department in administering the corn marketing order (ATCP 143). The Corn Board has a limited budget compared to other commodities of its size and as compared to surrounding states. With the advancement of biofuels in Wisconsin, never has the need for research, education and promotion been more important for the corn industry.

AB 306 maintains the current marketing order while it adds to the existing assessment rate. Therefore, AB 306 also retains the ability of producers to obtain refunds of any assessments paid and allows for them to petition for changes in the marketing order in the future if they choose to do so. These facts leave the program in control of producers which is the way the system is designed to work.

I would be pleased to answer any questions you might have about the workings of Chapter 96 or the department's oversight of the corn marketing order.

Thank you.

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Fiscal Estimate - 2007 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 07-2310/1		Introduction Number AB-0306
Description An assessment on growers that sell corn		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect		
<input type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs
Local:		
<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
Fund Sources Affected		Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115 3 (i)		
Agency/Prepared By	Authorized Signature	Date
DATCP/ Linda Merriman Hitchman (608) 224-5132	Barb Knapp (608) 224-4746	5/14/2007

Fiscal Estimate Narratives

DATCP 5/14/2007

LRB Number	07-2310/1	Introduction Number	AB-0306	Estimate Type	Original
Description					
An assessment on growers that sell corn					

Assumptions Used in Arriving at Fiscal Estimate

DATCP administers Wisconsin's Agricultural Marketing Act which authorizes the creation of marketing orders for agricultural commodities. The provisions of Ch. 96, Stats., and Ch. ATCP 140 Wis. Adm. Code govern marketing orders in general. Ch ATCP 143 sets forth the requirements of the corn marketing order, including the assessment rate, which is currently 0.1 cent per bushel.

AB 306 would add a new section to Ch. 96 which would create an additional assessment of 0.4 cents per bushel. The funds collected would be utilized for the same purposes as specified in ATCP 143. The purposes established in ATCP 143 are "to maintain and expand sales of corn. This includes the development of new products and new markets; improving corn production, marketing, or handling methods or practices; and educational programs for producers, handlers, or consumers relating to the quality or nutritional value of corn or corn products." [ATCP 143.02 (1)]. The 2005 assessments generated \$178,695 with the 0.1 cent per bushel assessment. Assuming the same amount of corn were grown and sold in the state, AB 306's new assessment, plus the existing assessment, would generate \$893,475. Because AB 306 would create a separate statutory assessment which would not change the existing assessment established in the ATCP 143, no rulemaking would be necessitated by this bill.

AB 306 would direct DATCP to conduct a corn marketing order referendum if, after June 20, 2011 and before January 1, 2012, 10% of the effected producers petition for one. Ch. 96.10 (5) authorizes the marketing boards to request administrative services from DATCP, directs the department to provide the services needed and specifies that the board shall reimburse DATCP for all of the costs incurred. One of the services DATCP regularly provides is administration of referenda and elections. A corn market order referendum would cost DATCP an estimated \$20,000 but these costs would be required to be reimbursed by the corn marketing order board, so there would be no significant net cost increase to the state.

AB 306 will increase revenues and may increase expenses for the corn marketing board, but will not have a significant fiscal effect on DATCP and will have no fiscal effect on local governments.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 07-2310/1		Introduction Number AB-0306				
Description An assessment on growers that sell corn						
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$20,000 to conduct a referendum. Costs would be reimbursed by the Corn Marketing Order Board.						
II. Annualized Costs:		Annualized Fiscal Impact on funds from:				
		Increased Costs	Decreased Costs			
A. State Costs by Category						
State Operations - Salaries and Fringes	\$	\$				
(FTE Position Changes)						
State Operations - Other Costs						
Local Assistance						
Aids to Individuals or Organizations						
TOTAL State Costs by Category	\$	\$				
B. State Costs by Source of Funds						
GPR						
FED						
PRO/PRS						
SEG/SEG-S						
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)						
	Increased Rev	Decreased Rev				
GPR Taxes	\$	\$				
GPR Earned						
FED						
PRO/PRS						
SEG/SEG-S						
TOTAL State Revenues	\$	\$				
NET ANNUALIZED FISCAL IMPACT						
	<u>State</u>	<u>Local</u>				
NET CHANGE IN COSTS	\$	\$				
NET CHANGE IN REVENUE	\$	\$				
<table style="width: 100%; border: none;"> <tr> <td style="width: 40%; border: none; vertical-align: top;"> Agency/Prepared By DATCP/ Linda Merriman Hitchman (608) 224-5132 </td> <td style="width: 40%; border: none; vertical-align: top;"> Authorized Signature Barb Knapp (608) 224-4746 </td> <td style="width: 20%; border: none; vertical-align: top;"> Date 5/14/2007 </td> </tr> </table>				Agency/Prepared By DATCP/ Linda Merriman Hitchman (608) 224-5132	Authorized Signature Barb Knapp (608) 224-4746	Date 5/14/2007
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